Report to the General Assembly: Summary of Annual Reports Filed by Electric Utilities Regarding the Transition to a Competitive Electric Industry

Required by the
Electric Service Customer Choice and Rate Relief Law of 1997
(Section 16-130 of the Public Utilities Act)

Illinois Commerce Commission
May 2006

STATE OF ILLINOIS

ILLINOIS COMMERCE COMMISSION

May 11, 2006

The Honorable Illinois General Assembly
State Capitol
Springfield, Illinois

Dear Members of the Illinois General Assembly:

Enclosed is the Illinois Commerce Commission's Report to the General Assembly entitled "Summary of Annual Reports Filed by Electric Utilities Regarding the Transition to a Competitive Electric Industry."

This Report is required by, and submitted in compliance with, Section 16-130 of the "Electric Service Customer Choice and Rate Relief Law of 1997" [220 ILCS 5/16-130]. Section 16-130 requires the Commission to summarize certain information provided to the Commission by electric utilities.

Sincerely,

Charles E. Box

Charles E. Box
Chairman

cc: Illinois State Library

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Summary

This Report is mandated by the General Assembly to provide it with reliable and accurate information regarding the transition of the Illinois electric industry to a competitive environment since the enactment of the Electric Service Customer Choice and Rate Relief Law of 1997. This Report provides the reader with a plethora of statistical and financial information regarding the impact of this law on Illinois electric utilities and their customers. This Report presents information that has been provided by the electric utilities; however, this information is presented without analysis or verification. The information presented includes the number of customers that have switched electricity suppliers, transition charges collected from customers, savings from residential rate reductions, utility efforts to mitigate and reduce costs, use of transitional funding instrument proceeds, utility revenues and net income, and sales or transfers of utility plant. The information included in this Report is similar to the more detailed information received and analyzed by the Commission throughout each year.

This Report indicates that since October 1, 1999, through December 31, 2005, more than 175 billion kilowatt hours of electric usage have been switched away by customers from their incumbent utilities' bundled service. This switching has resulted in a cumulative revenue loss of $4.6 billion to the incumbent electric utilities. This revenue loss was partially offset by a total of $1.28 billion of transition charges collected from the customers that switched. The mandated electric residential base rate reductions have saved residential customers more than $700 million in 2005 with a total savings of more than $4.5 billion for the years 1998 through 2005.

Introduction

Article 16 of the Public Utilities Act ("PUA"), entitled the "Electric Service Customer Choice and Rate Relief Law of 1997" [220 ILCS 5/16], requires electric utilities to annually provide to the Illinois Commerce Commission ("Commission" or "ICC") information regarding the transition to a competitive electric industry. Section 16-130 of the PUA [220 ILCS 5/16-130] requires electric utilities to address eleven topics. Section 16-130(c) requires the Commission to submit a report to the General Assembly summarizing the information provided by each electric utility. Section 16-130 states in part:

> **Section 16-130: Annual Reports. The General Assembly finds that it is necessary to have reliable and accurate information regarding the transition to a competitive electric industry. In addition to the annual report requirements pursuant to Section 5-109 of this Act, each electric utility shall file with the Commission a report on the following [eleven] topics . . ..**
>
> **Section 16-130(b): The information required . . . shall be filed by each electric utility on or before March 1 of each year 1999**

through 2007 or through such additional years as the electric utility is collecting transition charges . . ..

Section 16-130(c): On or before May 15 of each year 1999 through 2006 or through such additional years as the electric utility is collecting transition charges pursuant to subsection (f) of Section 16-108, the Commission shall submit a report to the General Assembly which summarizes the information provided by each electric utility under this Section; . . ..

The following pages summarize the electric utilities' responses to the eleven topics addressed in Section 16-130 of the PUA.

The information in this report is based upon information filed by the eight Illinois electric utilities:

- Central Illinois Light Company d/b/a AmerenCILCO,
- Central Illinois Public Service Company d/b/a AmerenCIPS,
- Illinois Power Company d/b/a AmerenIP,
- Commonwealth Edison Company ("ComEd"),
- Interstate Power and Light Company ("Interstate"),
- MidAmerican Energy Company ("MidAmerican"),
- Mt. Carmel Public Utility Company ("Mt. Carmel"), and
- South Beloit Water, Gas and Electric Company ("South Beloit").

In May 2005, the Illinois operations and service territory of Union Electric Company d/b/a AmerenUE were transferred to AmerenCIPS. Unless otherwise noted, the 2005 information for AmerenUE is included within the information provided for AmerenCIPS.

Topic 1: Number of Customers Switching Suppliers and Transition Charge Recovery

Section 16-130(a)(1) requires utilities to provide information concerning the extent to which eligible[1] retail customers switch suppliers and the amount of transition charges paid to the incumbent utilities by those customers.

Section 16-130(a)(1): Data on each customer class of the electric utility in which delivery services have been elected including:

(A) number of retail customers in each class that have elected delivery service[[2]]**;**

[1] Section 16-104 of the PUA establishes a phase-in plan for eligibility to choose an alternative electric supplier. The first group of non-residential customers, including certain very large customers, large multi-location customers, and other nonresidential customers selected by lottery, became eligible for choice on October 1, 1999. On December 31, 2000, all non-residential customers were eligible for choice. Residential customers became eligible for choice on May 1, 2002.

[2] As defined in Section 16-102, "delivery services" are "those services provided by the electric utility that are necessary in order for the transmission and distribution systems to function so that retail customers

(B) **kilowatt hours consumed by the customers described in subparagraph (A);**

(C) **revenue loss experienced by the utility as a result of customers electing delivery services or market-based prices**[[3]] **as compared to continued service under otherwise applicable tariffed rates;**

(D) **total amount of funds collected from each customer class pursuant to the transition charges**[[4]] **authorized in Section 16-108;**

(E) **Such other information as the Commission may by rule require**.

The Topic 1 information shows the recent statistics of customers electing delivery service, electric power and energy delivered through delivery service, utility revenue loss from customer switching, and transition charge revenues.

Table 1, on the following page, presents the information provided by the electric utilities to (A), (B), (C), and (D) above.

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located in the electric utility's service area can receive electric power and energy from suppliers other than the electric utility, and shall include, without limitation, standard metering and billing services."

[3] "Market-based prices" are those prices calculated for an applicable electric utility's power purchase option tariff. The power purchase options are described in Section 16-110.

[4] As described in Section 16-102, the "transition charge" is the amount of revenue that an electric utility would receive from the retail customer if the electric utility were serving the customer's electric power and energy requirements as a tariffed service less (1) the delivery service charge, (2) the market valued for the electric power and energy that the electric utility would have supplied to meet the customer's requirements, and (3) mitigation factor that gives a customer the opportunity to achieve savings if the customer switches from the electric utility as the supplier of electric power and energy to an alternative supplier.

Table 1: Customer Switching and Transition Charge Data

Electric Utility	Number of Customers That Have Elected Delivery Services		Amount of Usage Switched to Delivery Services (kWh million)			Revenue Loss Resulting from Customers Switching to Delivery Services ($ million)			Transition Charge Revenue Collected ($ million)		
	2005	2004	2005	2004	Cumulative[5]	2005	2004	Cumulative	2005	2004	Cumulative
Ameren CILCO	10	[6]	796	[6]	[6]	0.0[7]	0.0[7]	0.0	0.0	0.0	0.0
AmerenCIPS[8]	84	610	158	1,764	5,886	0.0[7]	0.0[7]	3.6	0.0	0.0	7.5
AmerenIP	595	1,110	4,273	6,196	27,026	118.4	111.8	519.4	6.8	19.5	118.8
ComEd	20,456	21,191	31,441	30,222	142,622	1,002.5	1,002.5	4,076.4	114.5	170.4	1,157.5
Interstate	Not applicable; no customers have selected delivery services from Interstate.										
MidAmerican	0	0	0	0	74	0.0	0.0	2.8	0.0	0.0	0.0
Mt. Carmel	Not applicable; no customers have selected delivery services from Mt. Carmel.										
South Beloit	Not applicable; no customers have selected delivery services from South Beloit.										
Total	21,145	22,911	36,668	38,182	175,608	1,120.9	1,114.3	4,602.2	121.3	189.9	1,283.8

[5] "Cumulative" refers to the period from October 1, 1999 through December 31, 2005.
[6] AmerenCILCO, in Docket No. 03-0712, requested, and was granted, confidential treatment of this information.
[7] AmerenCILCO and AmerenCIPS (including AmerenUE) did not report any revenue losses for 2005 and 2004. Each stated that the "Company does not keep track of this information in enough detail to produce any meaningful estimate because the lost revenue is relatively small." For AmerenCIPS (including AmerenUE), the entire amount of the cumulative revenue loss was reported for the year 2000.
[8] The AmerenCIPS information includes the 2004 and cumulative information for AmerenUE.

Topic 2: Utility Cost Mitigation Activities

Section 16-130(a)(2) requires utilities to provide information concerning their efforts to mitigate and reduce costs.

> **Section 16-130(a)(2): A description of any steps taken by the electric utility to mitigate and reduce its costs, including both a detailed description of steps taken during the preceding calendar year and a summary of steps taken since the effective date of this amendatory Act of 1997, and including, to the extent practicable, quantification of the costs mitigated or reduced by specific actions taken by the electric utility.**

The Topic 2 information shows the activities of the electric utilities to mitigate or reduce costs.

The utilities furnished the ICC with the following information concerning each utility's major cost mitigation activities:

AmerenCILCO/AmerenCIPS/AmerenIP

- For 2005, AmerenCILCO/AmerenCIPS/AmerenIP reported the following actions that helped to mitigate costs:
  - sales growth of approximately 2% per year in the service territory,
  - gas rate increases for the gas operations of AmerenIP,
  - modifications to retiree employee benefit plans to increase co-payments and limit overall cost,
  - incremental synergies from the Illinois Power acquisition associated with reduced overhead costs,
  - remapping of division boundaries based upon Ameren's entire Illinois service territory,
  - debt refinancings, and
  - continued cost control and streamlining efforts.

ComEd

- In 2005, ComEd's operation and maintenance expense decreased $64 million compared to 2004 due to decreased severance-related expenses, employee fringe benefits, pension expense, and allowance for uncollectible accounts that were partially offset by contractor costs and storm costs.
- ComEd's 2005 capital expenditures increased by $55 million compared to 2004.
- ComEd's interest expense decreased by $74 million for 2005 compared to 2004, primarily due to long-term debt retirements and prepayments in 2004.

Interstate/South Beloit

- Interstate and South Beloit noted operating efficiencies resulting from the 1998 formation of Alliant Energy as a merger among WPL Holdings, Inc., IES Industries Inc., and Interstate Power Company and from a 2002 merger between

IES Industries Inc. and Interstate Power Company. There has been no quantification of cost savings in 2005 related to increased operating efficiencies due to the mergers.

MidAmerican

- For 2005, MidAmerican reported several projects to mitigate and reduce costs: fuel procurement, generation improvements, delivery process improvements, and technological improvements. MidAmerican noted savings of more than $1.1 million resulting from its technological improvements.

Mt. Carmel

- Mt. Carmel has continued its hiring freeze to stabilize and reduce operating expenses.
- Mt. Carmel continues to research supply options to replace its current wholesale purchased power agreement when it expires.

Topic 3: Depreciation, Mergers, UFAC Elimination, and Rates and Restructuring Transactions

Section 16-130(a)(3) of the PUA seeks information about actions that electric utilities have taken pursuant to various sections of the PUA that were amended during the 1997 legislative process.

> **Section 16-130(a)(3): A description of actions taken under Sections 5-104, 7-204, 9-220, and 16-111 of this Act. This information shall include but not be limited to:**
> **(A) a description of the actions taken;**
> **(B) the effective date of the action;**
> **(C) the annual savings or additional charges realized by customers from actions taken, by customer class and total for each year;**
> **(D) the accumulated impact on customers by customer class and total; and**
> **(E) a summary of the method used to quantify the impact on customers.**

A brief description of these PUA sections follows:

- Section 5-104 addresses depreciation.
- Section 7-204 describes the regulatory approvals needed for certain utility reorganizations and mergers.
- Section 9-220 provides various options for utilities that seek to eliminate the Uniform Fuel Adjustment Clause ("UFAC").
- Section 16-111, addresses electric rates and restructuring transactions during the "mandatory transition period" (1997-2006). This section mandates the

residential rate reductions, permits electric utilities to implement a merger, except for a merger with another jurisdictional utility, without obtaining any approval from the Commission, and describes, among many other things, the Commission approvals needed for sales of generation, transmission, or distribution assets that exceed certain maximum allowable caps.

The Topic 3 information shows each electric utility's use of, and compliance with, the various provisions of the PUA that were amended during the 1997 legislative process including the mandated reductions to residential rates that are discussed in the following paragraph.

Section 16-111(b) requires residential base rate reductions from the six largest electric utilities commencing in 1998. Table 2 shows the approximate savings realized by residential customers for the years 1998 through 2005. Based upon information reported by the electric utilities, Table 2 shows that the residential base rate reductions mandated by Section 16-111(b) have resulted in savings to residential customers of more than $700 million in the year 2005 and in total savings of more that $4.5 billion in the years 1998 through 2005.

Table 2: Savings from Section 16-111(b) Residential Rate Reductions
($ millions)

Utility	1998	1999	2000	2001	2002	2003	2004	2005	Total
AmerenCILCO	$ 1.0	$ 2.2	$ 3.7	$ 5.7	$ 6.4	$ 7.1	$ 6.7	$ 7.4	$ 40.2
AmerenCIPS[9]	5.4	13.9	14.2	14.0	14.8	13.7	13.7	14.4	104.1
AmerenIP	35.0	74.9	76.0	79.0	101.6	106.5	106.2	113.0	692.2
ComEd	175.0	400.0	400.0	450.0	550.0	550.0	550.0	600.0	3,675.0
MidAmerican	0.4	0.9	0.9	0.9	1.0	0.9	0.9	1.0	6.9
Total	$ 216.8	$ 491.9	$ 494.8	$ 549.6	$ 673.8	$ 678.2	$ 677.5	$ 735.8	$ 4,518.4

The electric utilities have taken actions under Sections 5-104, 7-204, 9-220, and 16-111 in prior years that have been reported in previous versions of this Report to the General Assembly. For 2005, the electric utilities furnished the Commission with the following information pertaining to Topic 3:

AmerenCILCO
- AmerenCILCO did not report any additional 2005 actions.

AmerenCIPS
- Section 7-204: AmerenCIPS reported on the 2005 transfer of the AmerenUE retail gas and electric operations and related asset to AmerenCIPS.

[9] The AmerenCIPS amounts include the savings for customers of AmerenUE.

AmerenIP

- Section 5-104: AmerenIP noted that depreciation was changed for its gas utility in May 2005 to reflect new depreciation rates approved by the Commission in Docket No. 04-0476.

ComEd

- Section 16-111(g): In 2005, ComEd filed a 16-111(g) notice for the sale and assignment of a receivable to an unaffiliated third party.

Interstate/South Beloit

- Interstate/South Beloit did not report any 2005 actions.

MidAmerican

- For 2005, MidAmerican reported that it participated in restructuring proceedings as authorized by Section 16-111(a)(3).

Mt. Carmel

- Mt. Carmel did not report any 2005 actions.

Topic 4: Use of Transitional Funding Instruments (Securitization)

Section 16-130(a)(4) of the PUA requires utilities to provide information about the use of transitional funding instruments ("TFIs"). TFIs are special debt securities that carry relatively low interest rates due to a complex legal framework designed to reduce their risk. Specifically, the PUA permits investors in TFIs to directly charge electric utility customers a rate sufficient to meet the debt servicing obligations on the TFIs. This charge, known as the instrument funding charge ("IFC"), is non-bypassable.[10] However, the utility is required to provide its customers with an equal, offsetting credit to their bills so that customers see no increase in their bills due to the IFC.

> **Section 16-130(a)(4): A summary of the electric utility's use of transitional funding instruments, including a description of the electric utility's use of the proceeds of any transitional funding instruments it has issued in accordance with Article XVIII of this Act.**

The Topic 4 information shows the issuance of transitional funding instruments by two electric utilities and the utilities' use of the proceeds.

Only ComEd and Illinois Power Company[11] requested and received permission from the ICC to issue transitional funding instruments. The Commission Order in Docket No. 98-

[10] This "non-bypassable" charge is imposed upon all customers of the electric utility regardless of the electric supplier; this "non-bypassable" charge cannot be avoided.
[11] Since Illinois Power Company's 1998 issuance of TFIs occurred before it was acquired by Ameren Corporation, this discussion uses the company's corporate name rather than AmerenIP.

0319 authorized ComEd to issue up to $3.4 billion of TFIs. The Commission Order in Docket No. 98-0488 authorized Illinois Power Company to issue up to $864 million of TFIs. Both utilities issued the full amount of TFIs authorized and used the proceeds to retire outstanding debt and stock.

In December 1998, ComEd issued $3.4 billion of Transitional Funding Trust Notes at an average interest rate of 5.57%, through trusts established as Special Purpose Entities. The notes carry various maturity dates from March 2000 through December 2008.

In December 1998, Illinois Power Company issued $864 million of Transitional Funding Trust Notes at an average interest rate of 5.41%, which represents 25% of Illinois Power Company's total capitalization at December 31, 1996. The notes carry various maturity dates from 2000 through 2008.

In the 1999 non-residential and the 2001 residential delivery service tariff proceedings before the Commission, ComEd's and Illinois Power Company's overall rates of return were determined with TFIs included in their capital structures. Without the TFIs, both ComEd's and Illinois Power Company's overall cost of capital would have been higher.

ComEd

- ComEd did not report any 2005 activity.

AmerenIP

- AmerenIP did not report any 2005 activity.

Table 3 displays the use of the proceeds from the issuance of TFIs.

Table 3: Use of Proceeds From Transitional Funding Instruments

Expenditure Category	ComEd		Illinois Power Company	
	Principal ($ million)	Premium ($ million)	Principal ($ million)	Premium ($ million)
Short Term Debt	$ 500.0	$ 0.0	$ 0.0	$ 0.0
Long-Term Debt	1,101.4	35.8	745.9	44.4
Preference Stock	606.8	12.4	15.2	(1.6)
Common Stock	1,103.8		49.1	.2
Equity Investment in ComEd Funding, LLC	17.0			
Other Expenses and Fees	17.4	5.4	10.8	
Total	$ 3,346.4	$ 53.6	$ 821.0	$ 43.0

Topic 5: Revenue and Consumption Statistics

Section 16-130(a)(5) of the PUA requires utilities to provide revenue and kWh sales information that isolates the annual impact of the mandatory residential rate reductions and mitigation factors[12] on a "base year" level of revenue while assuming everything else remains constant. The base year is calendar year 1996, and revenue is calculated as 1996 kWh used during the year by customer class multiplied by the customer class's 1996 adjusted revenue per kWh, exclusive of add-on taxes.

> **Section 16-130(a)(5): Kilowatt-hours consumed in the twelve months ending December 31, 1996 (which kilowatt-hours are hereby referred to as "base year sales") by customer class multiplied by the revenue per kilowatt-hour, adjusted to remove charges added to customers bills pursuant to Sections 9-221 and 9-222 of this Act, during the twelve months ending December 31, 1996, adjusted for the reductions required by subsection (b) of Section 16-111 and the mitigation factors contained in Section 16-102. This amount shall be stated for: (i) each calendar year preceding the year in which a report is required to be submitted pursuant to subsection (b); and (ii) as a cumulative total of all calendar years beginning with 1998 and ending with the calendar year preceding the year in which a report is required to be submitted pursuant to subsection (b).**

The Topic 5 information shows each electric utility's revenues, based upon 1996 kWh, as these revenues are affected by the mandated residential rate reductions and mitigation factors.

Table 4 displays the information presented pursuant to Sections 16-130(a)(5) and 16-130(a)(6).

Topic 6: Adjusted Revenue and Consumption Statistics

Section 16-130(a)(6) of the PUA modifies the information provided pursuant to Section 16-130(a)(5) by using base year (1996) revenue per kWh multiplied by actual kWh sales in each year for which the information is required. The impact of the mandatory rate reductions and mitigation factors is subtracted in each year, as required by Section 16-130(a)(5).

> **Section 16-130(a)(6): Calculations identical to those required by subparagraph (5) except that base year sales shall be adjusted for growth in the electric utility's service territory, in addition to the other adjustments specified by the first sentence of sub-paragraph (5).**

[12] The "mitigation factor" is described in Section 16-102 under the definition of "transition charge." The "mitigation factor" is the amount of revenue that the electric utility expects to loose when a customer switches to delivery service. Alternatively, the "mitigation factor" is a deduction from the transition charge that gives a customer the opportunity to achieve savings if the customer switches from the electric utility to an alternative supplier of electricity.

The Topic 6 information shows each electric utility's revenues, based upon actual kWh growth, as these revenues are affected by the mandated residential rate reductions and mitigation factors.

The Commission has construed Sections 16-130(a)(5) and (a)(6) as requiring certain information for the 1998 and subsequent years to allow a comparison of two scenarios. The first scenario is based on the assumption that the usage of electricity is constant, at 1996 levels, for each class of customers throughout the period during which Section 16-130 requires reports. The second scenario is based on actual usage of electricity (1) that the utility delivers, either as part of a bundled sale, as a Section 16-110 purchase, or as a delivery of third-party furnished electricity, or (2) that the electric utility does not deliver but as to which it is entitled to collect transition charges. The Commission's understanding is that Sections 16-130(a)(5) and (a)(6) are intended to allow for a comparison of (1) the electric utility revenue diminution resulting from the residential rate reductions and mitigation factors, calculated through time as it would have been viewed as of the enactment of Article XVI, based upon static usage at 1996 levels (Section 16-130(a)(5)), with (2) the revenue effects calculated on the basis of all assumptions held constant except usage, with usage adjusted to show actual kilowatt hours delivered (or otherwise forming the basis for transition charge collections) during the relevant years (Section 16-130(a)(6)).

Most of the utilities did not interpret Sections 16-130(5) and (a)(6) in the manner just described. Therefore, the Commission requested that the utilities provide information enabling the Commission to calculate the revenue figures consistent with the Commission's interpretation of Sections 16-130(a)(5) and (a)(6). A summary of this information is shown in Table 4.

Table 4: Base Year 1996 Revenue Data and Subsequent Years' Revenue Data

Electric Utility	Year	Topic 5 Revenue per kWh per year applied to base year 1996 kWh ($ thousand)	Topic 6 Revenue per kWh per year applied to each year's kWh ($ thousand)
AmerenCILCO	1996	287,179	287,179
	1997	287,179	288,878
	1998	286,292	303,929
	1999	281,777	303,740
	2000	257,012	282,765
	2001	264,518	293,066
	2002	260,125	297,808
	2003	260,125	285,370
	2004	260,125	271,359
	2005	260,125	288,582
AmerenCIPS (including AmerenUE)	1996	659,120	659,120
	1997	659,120	658,770
	1998	653,611	679,642
	1999	615,429	625,166
	2000	592,624	648,965
	2001	577,403	703,529
	2002	569,679	616,317
	2003	569,679	509,377
	2004	569,679	519,146
	2005	564,941	579,654
AmerenIP	1996	1,134,604	1,134,604
	1997	1,134,604	1,134,500
	1998	1,105,552	1,136,801
	1999	1,058,387	1,102,877
	2000	1,026,045	1,104,367
	2001	996,807	1,082,159
	2002	981,192	1,088,763
	2003	981,192	1,051,314
	2004	981,192	1,052,930
	2005	981,192	902,790
ComEd	1996	5,793,293	5,793,293
	1997	5,793,293	5,782,823
	1998	5,641,116	6,413,021
	1999	5,428,430	6,261,460
	2000	5,368,399	6,359,542
	2001	5,810,522	6,327,761
	2002	5,696,730	6,372,535
	2003	5,649,063	6,213,034
	2004	5,627,893	6,271,663
	2005	5,596,934	6,595,209

Electric Utility	Year	Topic 5 Revenue per kWh per year applied to base year 1996 kWh ($ thousand)	Topic 6 Revenue per kWh per year applied to each year's kWh ($ thousand)
Interstate	1996	15,755	15,755
	1997	15,755	15,844
	1998	15,755	15,848
	1999	15,597	15,824
	2000	14,708	15,063
	2001	14,409	13,859
	2002	14,230	14,473
	2003	14,230	13,908
	2004	14,230	14,120
	2005	14,230	14,785
MidAmerican	1996	105,786	105,786
	1997	105,786	108,872
	1998	105,388	114,014
	1999	104,144	107,162
	2000	101,275	100,671
	2001	99,465	101,842
	2002	97,452	113,420
	2003	97,542	109,759
	2004	100,080	111,233
	2005	100,080	118,189
Mt. Carmel	1996	10,183	10,183
	1997	10,183	8,258
	1998	10,183	8,136
	1999	11,915	9,483
	2000	10,058	8,033
	2001	9,523	7,848
	2002	9,390	7,957
	2003	9,390	7,684
	2004	9,390	7,519
	2005	9,390	7,821
South Beloit	1996	8,288	8,288
	1997	8,288	8,567
	1998	8,288	8,766
	1999	8,234	8,669
	2000	7,899	8,344
	2001	7,553	7,884
	2002	7,433	8,000
	2003	7,433	7,938
	2004	7,433	7,964
	2005	7,433	8,833

Topic 7: Utility Revenue and Income

Section 16-130(a)(7) of the PUA requires utilities to provide total revenue and net income amounts to the ICC, as reported on the utility's Form No. 1 report to the Federal Energy Regulatory Commission ("FERC").[13]

> **Section 16-130(a)(7): The electric utility's total revenue and net income for each calendar year beginning with 1997 through the calendar year preceding the year in which a report is required to be submitted pursuant to subsection (b) as reported in the electric utility's Form 1 report to the Federal Energy Regulatory Commission.**

The Topic 7 information shows each electric utility's overall revenues and net income and provides an indicator of each utility's overall financial performance.

Total revenue and net income figures, as provided to the ICC by each electric utility, are summarized in Table 5. The information does not represent each utility's total revenues and net income derived solely from the utility's in-state electric operations because of other operations, out-of-state operations, and non-operating costs. The amounts for AmerenCILCO, AmerenCIPS, AmerenIP, and Mt. Carmel represent those utilities' electric and gas operations and non-operating costs; the amounts for AmerenUE, Interstate, and MidAmerican include amounts earned from electric and gas operations, amounts earned in other states, and non-operating costs; the amounts for South Beloit include amounts earned from electric, gas, and water operations and non-operating costs; and the net income amount for ComEd includes non-operating costs.

[13] The FERC Form No. 1 report is an annual regulatory report made by major public utilities to enable the FERC to collect financial and operational information.

Table 5: Utility Revenue & Net Income for 2005, 2004, 2003, and 2002
[From pages 114 & 117 of the FERC Form No. 1]

	2005[14]		2004		2003		2002	
Utility	Revenue ($ million)	Net Income ($ million)	Revenue ($ million)	Net Income ($ million)	Revenue ($ million)	Net Income ($ million)	Revenue ($ million)	Net Income ($ million)
AmerenCILCO	718.7	25.3	643.2	32.4	818.5	44.9	613.5	50.1
AmerenCIPS[15]	933.9	43.0	735.4	32.5	741.8	28.5	823.6	26.4
AmerenIP	1,653.3	97.0	1,538.6	137.5	1,567.8	117.0	1,518.3	160.7
AmerenUE[16]	2,888.7	351.8	2,640.7	378.7	2,615.8	446.5	2,540.3	343.7
ComEd	6,243.8	(684.8)[17]	5,781.5	676.3	5,773.4	707.0	6,092.8	790.3
Interstate	1,656.2	165.1	1,420.3	125.7	1,335.1	110.7	1,212.6	90.9
MidAmerican	2,835.1	221.3	2,432.3	210.5	2,345.2	188.6	2,049.0	175.8
Mt. Carmel	15.9	0.3	14.7	0.5	14.8	0.3	14.3	0.5
South Beloit	25.5	(1.7)	20.4	(0.2)	23.0	0.8	18.4	0.9

Topic 8: Generating Plant Sales to Non-Affiliates

Section 16-130(a)(8) of the PUA requires utilities to provide the ICC with information about the sales of generating plants to non-affiliated third parties.

> **Section 16-130(a)(8): Any consideration in excess of the net book cost as of the effective date of this amendatory Act of 1997 received by the electric utility during the year from a sale made subsequent to the effective date of this amendatory Act of 1997 to a non-affiliated third party of any generating plant that was owned by the electric utility on the effective date of this amendatory Act of 1997.**

The Topic 8 information monitors the sale of electric utility generating plant to non-affiliates.

Only AmerenCILCO reported the receipt of any consideration from the sale of generating plant during 2005. The other electric utilities reported no receipt of any consideration that is reportable under Section 16-130(a)(8) in 2005.

[14] The 2005 information provided by each utility is preliminary information; the final amounts become available when each utility files its FERC Form No. 1. The Federal Energy Regulatory Commission due date for the 2005 FERC Form No. 1 is April 30, 2006.
[15] The 2005 AmerenCIPS amounts for revenue and net income include eight months of the 2005 revenue and net income attributable to the Illinois operations of AmerenUE. The amounts for 2002 through 2004 do not include any revenue and net income from the Illinois operations of AmerenUE.
[16] The 2005 AmerenUE amounts for revenue and net income include four months of the 2005 revenue and net income attributable to the Illinois operations of AmerenUE.
[17] ComEd's loss of $684.8 million is the result of a $1.2 billion write-off of goodwill. Without the goodwill write-off, ComEd's net income would have been approximately $531 million.

AmerenCILCO

- AmerenCILCO reported the sale of eight diesel generators to a non-affiliated third party. Since the generators were placed in service during 2000, AmerenCILCO did not receive consideration in excess of the net book value as of December 17, 1997.

Topic 9: Plant Sales or Transfers to Affiliates

Section 16-130(a)(9) of the PUA requires utilities to provide information about sales of transfers of generating plants to affiliated interests.

> **Section 16-130(a)(9): Any consideration received by the electric utility from sales or transfers during the year to an affiliated interest of generating plant, or other plant that represents an investment of $25,000,000 or more in terms of total depreciated original cost, which generating or other plant were owned by the electric utility prior to the effective date of this amendatory Act of 1997.**

The Topic 9 information monitors the sale or transfer of electric utility generating plant to affiliates.

The electric utilities reported no receipt of any consideration that is reportable under Section 16-130(a)(9) in 2005.

Topic 10: Plant Sales or Transfers by Affiliates to Non-Affiliates

Section 16-130(a)(10) of the PUA requires each utility to provide information about the sales of generating plants by the utility's affiliates to third parties.

> **Section 16-130(a)(10): Any consideration received by an affiliated interest of an electric utility from sales or transfers during the year to a non-affiliated third party of generating plant, but only if: (i) the electric utility had previously sold or transferred such plant to the affiliated interest subsequent to the effective date of this amendatory Act of 1997; (ii) the affiliated interest sells or transfers such plant to a non-affiliated third party prior to December 31, 2006; and (iii) the affiliated interest receives consideration for the sale or transfer of such plant to the non-affiliated third party in an amount greater than the cost or price at which such plant was sold or transferred to the affiliated interest by the electric utility.**

The Topic 10 information monitors the sale or transfer of generating plant from affiliates to non-affiliates.

The electric utilities reported no receipt of any consideration that is reportable under Section 16-130(a)(10) in 2005.

Topic 11: Reporting of Transmission and Distribution Expenditures

Topic 11 applies only to ComEd and was added by Public Act 91-50 in response to ComEd's 1999 fossil generating asset sale. Public Act 91-50 requires a commitment to make expenditures made for transmission and distribution ("T&D") projects, programs, and improvements as described below in Section 16-111(k) of the PUA.

> **Section 16-111(k): If an electric utility is selling or transferring to a single buyer 5 or more generating plants located in this State with a total net dependable capacity of 5000 megawatts or more pursuant to subsection (g) of this Section and has obtained a sale price or consideration that exceeds 200% of the book value of such plants, the electric utility must provide to the governor, the President of the Illinois Senate, the Minority Leader of the Illinois Senate, the Speaker of the Illinois House of Representatives, and the Minority Leader of the Illinois House of Representatives no later than 15 days after filing its notice under subsection (g) of this Section or 5 days after the date on which this subsection (k) becomes law, whichever is later, a written commitment in which such electric utility agrees to expend $2 billion outside the corporate limits of any municipality with 1,000,000 or more inhabitants within such electric utility's service area, over a 6-year period beginning with the calendar year in which the notice is filed, on projects, programs, and improvements within its service area relating to transmission and distribution including, without limitation, infrastructure expansion, repair and replacement, capital investments, operations and maintenance, and vegetation management.**

Public Act 91-50 concurrently revised the reporting requirements of Section 16-130 by adding an eleventh topic in Section 16-130(a)(11):

> **Section 16-130(a)(11): A summary account of those expenditures made for projects, programs and improvements relating to transmission and distribution including, without limitation, infrastructure expansion, repair and replacement, capital investments, operations and maintenance, and vegetation management, pursuant to a written commitment made under subsection (k) of Section 16-111.**

The Topic 11 information shows ComEd's transmission and distribution expenditures outside of the City of Chicago.

ComEd provided the following information in response to Section 16-130(a)(11). ComEd's total cumulative expenditures exceed ComEd's commitment to spend $2 billion over the 6-year period.

ComEd's Transmission and Distribution Expenditures Outside Chicago ($ million)		
	(2005)	Cumulative (1999-2005)
Operation and Maintenance	$ 308	$ 2,115
Capital Installation	505	$ 3,363
Total T&D Expenditures Outside Chicago	$ 813	$ 5,478

If there are questions on any of the items presented in this report, please call the Commission's Office of Governmental Affairs at (217) 785-2449.